

Christopher J. Major, Esq.  
**MEISTER SEELIG & FEIN LLP**  
125 Park Avenue, 7<sup>th</sup> Floor  
New York, New York 10017  
Tel: (212) 655-3500  
Email: cjm@msf-law.com

*Attorneys for Royal Consumer Products, LLC*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re:

SEARS HOLDINGS CORPORATION, *et al.*,  
  
Debtors.

Chapter 11

Case No. 18-23538 (RDD)

(Jointly Administered)

**ROYAL CONSUMER PRODUCTS, LLC'S LIMITED OBJECTION AND  
RESERVATION OF RIGHTS TO DEBTORS' GLOBAL ASSET SALE  
TRANSACTION AND NOTICE OF CURE COSTS AND POTENTIAL  
ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND  
UNEXPIRED LEASES IN CONNECTION WITH GLOBAL SALE TRANSACTION**

Royal Consumer Products, LLC ("RCP"), by its undersigned counsel, respectfully submits this limited objection to, and reservation of rights concerning, (1) approval of the Global Asset Sale Transaction and Asset Purchase Agreement as noticed, defined and attached as an exhibit to the Notice of Successful Bidder and Sale Hearing [ECF No. 1730], and (2) the proposed Cure Costs and Adequate Assurance as provided in the Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with the Global Sale Transaction [ECF 1731] filed by Debtors, and RCP states as follows:

1. On or about October 15, 2018 (the "Petition Date"), Debtors filed voluntary petitions under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") with this Court.

2. The Debtors are operating their business as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

3. As of approximately June 15, 2012, RCP on the one hand, and Kmart Corporation and Sears Roebuck and Co. and their subsidiaries on the other hand, entered into that certain Scan-Based Trading and Consignment Agreement and the Rider thereto (the "Agreement").

4. Pursuant to the Agreement, RCP delivers goods to Debtors on a consignment basis for sale by Debtors and Debtors remit the proceeds to RCP.

5. Pursuant to the Agreement, RCP maintains a perfected security interest in both the consignment inventory and the sales proceeds.

6. Debtors do not appear to have assumed the Agreement based on the schedules filed to date. To the extent Debtors do attempt to assume and assign the Agreement, then RCP objects to the assumption and assignment unless Debtors fully cure all defaults under the Agreement. As of the Petition Date, Debtors owed RCP at least \$127,425.00 for inventory and RCP's share of sales proceeds. To the extent Debtors do not assume and assign the Agreement, then RCP demands that Debtors return all inventory in good condition and remit all of RCP's share of the proceeds from sales of RCP's inventory.

7. RCP objects to the Global Asset Sale Transaction and Asset Purchase Agreement to the extent Debtors purport to transfer any of RCP's consignment inventory or sales proceeds in violation of the Agreement and RCP's perfected security interest.

8. RCP reserves all of its rights and remedies under the Agreement and its associated UCC-1 financing statements.

9. RCP reserves all of its rights, claims, defenses, and remedies, including, without limitation, the right to amend, modify, supplement or withdraw this Limited Objection, to seek discovery, and to raise additional objections during or prior to the hearing.

10. RCP further reserves its rights, without limitation, (a) to have final orders entered only after *de novo* review by a District Court Judge, (b) to trial by jury in any proceeding so triable in these Cases or any case, controversy or proceeding related to these Cases, (c) to have the District court withdraw the reference in any matter subject to mandatory or discretionary withdrawal or (d) to any other rights, claims, actions, setoffs or recoupments to which RCP is or may be entitled, in law or in equity.

### **CONCLUSION**

WHEREFORE, RCP objects on limited basis to the Global Asset Sale Transaction and Asset Purchase Agreement to the extent Debtors purport to transfer any of RCP's consignment inventory or sales proceeds in violation of the Agreement and RCP's perfected security interest, and RCP otherwise reserves all of its rights and remedies under the Agreement, at law, or in equity.

Dated: New York, New York  
January 26, 2019

Respectfully submitted,

ROYAL CONSUMER PRODUCTS, LLC

By: /s/ Christopher J. Major  
Christopher J. Major, Esq.

**MEISTER SEELIG & FEIN LLP**  
125 Park Avenue, 7<sup>th</sup> Floor  
New York, New York 10017  
Tel: (212) 655-3500  
Email: [cjm@msf-law.com](mailto:cjm@msf-law.com)

**Certification of Service**

I hereby certify that on January 26, 2019 a copy of the within Limited Objection and Reservation of Rights will be sent by email to all parties by operation of the Court's electronic filing system or by mail to anyone unable to accept electronic filing as indicated on the Notice of Electronic Filing. Parties may access this filing through the Court's CM/ECF System.

By: /s/ Christopher J. Major  
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